

October 07, 2015

Facility	Amount (Rs. Crore)	Rating
Term Loans	892.00	SMERA BB-/Stable (Assigned)

SMERA has assigned rating of **SMERA BB- (read as SMERA double B minus)** to the above mentioned bank facility of Kannur International Airport Limited (KIAL). The outlook is 'Stable'. The rating derives comfort from the extensive expertise of the management and support envisaged from the Kerala government (KIAL's key stakeholder). These rating strengths are partially offset by the company's exposure to project implementation risk.

Outlook: Stable

SMERA believes that the company would derive benefit from the experienced management and funding support from the Kerala government. The outlook may be revised to 'Positive' if the company registers greater than expected cash accruals owing to stabilisation of operations leading to improvement in financial risk profile, particularly liquidity. Conversely the outlook may be revised to 'Negative' in case of significant delays in project stabilisation leading to weakening of liquidity and financial risk profile.

Rating Sensitivity Factors

- Project implementation without significant time/cost overruns
- Timely funding support from Kerala government

About the Company

Incorporated in 2009 as a private limited company and reconstituted as a public limited company in 2010, KIAL is set up by the Government of Kerala to build, own and operate Kannur International Airport. The commercial operations at the airport are expected to commence from the second half of 2016-17.

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